

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 MMO-04 FRB-01 AID-05 CEA-01 CIAE-00
COME-00 EB-08 EA-12 INR-10 IO-14 NEA-11 NSAE-00
ICA-20 OPIC-06 SP-02 LAB-04 SIL-01 AGRE-00 OMB-01
SS-15 /128 W

-----044191 081855Z /75

R 081808Z MAY 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8340
DEPARTMENT TREASURY
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS

UNCLAS SECTION 01 OF 02 BONN 08492

USEEC AND USOECD
DEPARTMENT PASS FEDERAL RESERVE

E.O. 11652: N/A
TAGS: EFIN, GW
SUBJECT: GERMAN BALANCE OF PAYMENTS IN MARCH

REF: CERP 0102

1. TRANSMITTED HERewith ARE FRG BALANCE OF PAYMENTS
DATA FOR MARCH 1978, THE FIRST QUARTER OF 1978, AND
FOR COMPARISON, THE FIRST QUARTER OF 1977.

MARCH JANUARY-MARCH
1978 1977 1978
(NON-SEASONALLY ADJUSTED,
IN MILLIONS OF DM)

| | | | |
|----------------|--------|--------|--------|
| EXPORTS F.O.B. | 24,608 | 66,597 | 67,287 |
| IMPORTS C.I.F. | 20,420 | 57,685 | 58,599 |
| TRADE BALANCE | 4,188 | 8,912 | 8,688 |

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| | | | |
|---|--------|--------|--------|
| SUPPLEMENTARY ITEMS | 203 | -732 | 777 |
| TRADE BLANCE (INCLUDING SUPPLEMENTARY ITEMS) | 4,391 | 8,180 | 9,465 |
| SERVICES | -600 | -1,861 | -1,144 |
| UNILATERAL TRANSFERS | -970 | -3,913 | -5,164 |
| BALANCE OF INVISIBLES | -1,570 | -5,774 | -6,308 |
| CURRENT ACCOUNT BALANCE | 2,821 | 2,406 | 3,157 |

LONG-TERM CAPITAL

| | | | |
|-----------------------|-------|--------|-------|
| PRIVATE CAPITAL | 1,622 | -1,366 | 5,229 |
| DIRECT INVESTMENT | 164 | -720 | -80 |
| PORTOFOLIO INVESTMENT | 552 | -678 | 748 |
| CREDITS AND LOANS | 966 | 165 | 4,727 |
| OTHER | -60 | -132 | -165 |
| OFFICIAL CAPITAL | -314 | 237 | -753 |
| BALANCE OF LONG-TERM | | | |
| CAPITAL | 1,308 | -1,128 | 4,475 |

SHORT-TERM CAPITAL

| | | | |
|-------------------------|--------|--------|--------|
| COMMERCIAL BANKS | -144 | -2,170 | -2,792 |
| PRIVATE NON-BANKS | -1,351 | -427 | 3 |
| OFFICIAL | -328 | 96 | 1,526 |
| UNRECORDED TRANSACTIONS | -1,790 | 1,819 | -1,823 |
| BALANCE OF SHORT-TERM | | | |
| CAPITAL | -3,613 | -682 | -3,086 |
| NET FOREIGN POSITION OF | | | |
| BUNDESBANK | 516 | 596 | 4,546 |

SEASONALLY ADJUSTED TRADE DATA

MARCH 1ST QUARTER 4TH QUARTER

1978 1978 1977

| | | | |
|----------------|--------|--------|--------|
| EXPORTS F.O.B. | 23,240 | 68,310 | 70,670 |
| IMPORTS C.I.F. | 19,650 | 59,380 | 59,950 |

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TRADE BALANCE 3,590 8,930 10,720

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SS-15 /128 W

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R 081808Z MAY 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8341
DEPARTMENT TREASURY
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS

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2. THE DECLINE IN THE TRANSFER PAYMENTS DEFICIT FROM DM 1.9 BILLION IN FEBRUARY TO DM 1.0 BILLION IN MARCH WAS DUE TO LOWER FRG PAYMENTS TO THE EC, WHICH OFTEN FLUCTUATE WIDELY FROM MONTH TO MONTH. IN FEBRUARY AND MARCH OF THIS YEAR SUCH PAYMENTS WERE VERY HIGH, AT A MONTHLY AVERAGE OF ABOUT DM 2.1 BILLION WHICH IS SUBSTANTIALLY ABOVE THE HISTORICAL MONTHLY AVERAGE OF ABOUT DM 1.5 BILLION.

3. IN THE LONG-TERM CAPITAL ACCOUNT INFLOWS OF FUNDS INCREASED AGAIN. THIS INCREASE DERIVED MAINLY FROM A SHIFT FROM NET SALES OF GERMAN BONDS BY FOREIGNERS OF DM 0.1 BILLION IN FEBRUARY TO NET PURCHASES OF DM 0.6 BILLION IN MARCH. IN ADDITION, DIRECT INVESTMENT IN THE FRG - IN CONTRAST TO THE CURRENT TREND - WAS HIGHER THAN GERMAN DIRECT INVESTMENT ABROAD DUE TO A CONCENTRATION OF FOREIGN INVESTMENT IN THE FRG IN MARCH.

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4. IN THE SHORT-TERM CAPITAL ACCOUNT, WHICH HAD SHOWN SUBSTANTIAL INFLOWS SINCE AUTUMN OF LAST YEAR, A CONSIDERABLE OUTFLOW OF DM 3.6 BILLION WAS RECORDED IN MARCH. THE BUNDESBANK ATTRIBUTED THIS REFLOW OF FUNDS TO THE STABILIZATION OF EXCHANGE RATE DEVELOPMENTS IN MARCH.

5. IN APRIL, FOR THE FIRST TIME SINCE SEPTEMBER OF LAST YEAR, A MONTHLY DECLINE (DM 1.7 BILLION) IN THE NET FOREIGN POSITION OF THE BUNDESBANK WAS RECORDED. ACCORDING TO THE BUNDESBANK, THIS INDICATES THAT IN APRIL LARGE NET CAPITAL EXPORTS PREVAILED WHICH MORE THAN OFFSET AN ANTICIPATED SURPLUS IN THE CURRENT ACCOUNT BALANCE.
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